



*Annual Management Report  
of Fund Performance*

*August 31, 2011*

## Annual Management Report of Fund Performance

for the financial year ended August 31, 2011

*All figures are reported in Canadian dollars unless otherwise noted.*

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. If you have not received a copy of the annual financial statements with this annual management report of fund performance, you can get a copy of the annual financial statements at your request, and at no cost, by calling us toll-free at 1-888-888-3863, by writing to us at Renaissance Investments, 1500 University Street, Suite 800, Montreal, QC, H3A 3S6, by visiting the SEDAR website at [www.sedar.com](http://www.sedar.com), or by visiting [www.renaissanceinvestments.ca](http://www.renaissanceinvestments.ca).

Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

### Management Discussion of Fund Performance

#### Investment Objective and Strategies

Investment Objective: Frontiers Canadian Short Term Income Pool (the *Pool*) seeks to obtain a high level of interest income while maintaining security of capital and liquidity by investing primarily in high-quality debt obligations of Canadian and U.S. issuers.

Investment Strategies: The Pool invests primarily in securities issued by the Government of Canada, provincial or territorial governments and their agencies, Canadian chartered banks, Canadian loan or trust companies, and Canadian corporations.

#### Risk

The Pool is a Canadian short-term fixed income fund that is suitable for investors who can tolerate very low investment risk and who are seeking the potential for income as well as preservation of capital.

For the period ended August 31, 2011, the Pool's overall level of risk remains as discussed in its simplified prospectus.

#### Results of Operations

The portfolio sub-advisor of the Pool is CIBC Global Asset Management Inc. (CGAM). The commentary that follows reflects the views of CGAM and provides a summary of the results of operations for the period ended August 31, 2011. All dollar figures are expressed in thousands, unless otherwise indicated.

- The Pool's net asset value decreased by 11% during the period, from \$2,297 as at August 31, 2010 to \$2,055 as at August 31, 2011. Net redemptions of \$251 were partially offset by positive investment performance, resulting in an overall decrease in net asset value.
- Class A units of the Pool posted a return of 0.4% for the period. The Pool's primary benchmark, the DEX 91 day T-Bill Index (the *benchmark*), returned 0.9% for the same period. The Pool's return is after the deduction of fees and expenses, unlike the benchmark.
- At the July 19, 2011 policy meeting, the Bank of Canada (*BoC*) maintained the overnight rate at 1%, keeping the rate unchanged since September 2010.

- CGAM expects any interest rate increases in 2012 by the BoC will be the result of a persistently strong Canadian dollar (and the headwinds that poses for the Canadian economy), moderating economic growth, core inflation that remains well behaved, growing geopolitical risks stemming from the European debt crisis, a weakening U.S. economy, and tensions in the Middle East and the resulting impact on energy costs for Canadian consumers.
- The Pool was overweight non-government paper in an effort to maintain a higher running yield.
- CGAM expects the BoC to lower its forecast for economic growth.
- The three-month Canadian T-Bill rate declined modestly to below the overnight rate of 1.0%. The one-year T-Bill rate experienced the biggest decline, driven in part by a significant rally in the bond market. With short-term T-Bill yields already trading below the overnight rate, CGAM does not expect to see yields move down significantly from current levels, unless economic and financial conditions worsen materially, forcing the BoC to ease.
- CGAM is maintaining the term strategy around neutral with some flexibility to extend if rates rise modestly or to reduce term if the credit curve should invert from the current flat level. The credit curve for bankers' acceptances and commercial paper is essentially flat with very little or no yield pick-up for extending maturities. Managing the average term is often a function of where the supply of bankers' acceptances, commercial paper, or asset-backed commercial paper product is available.
- While the yield of corporate bonds have increased relative to Government of Canada bonds due to deteriorating credit markets, there has been no real deterioration in commercial paper, major Canadian bankers' acceptances, or bank-sponsored asset-backed securities yield or market conditions.
- A relapse in growth in Canada or the U.S., a materially stronger Canadian dollar, and a worsening of the European debt crisis are risks to CGAM's outlook for modest interest rate increases later in 2012.

## Recent Developments

### *International Financial Reporting Standards (IFRS)*

In January 2011, the Accounting Standards Board (AcSB) amended the Introduction to Part I of the CICA Handbook – Accounting to allow investment companies, which include investment funds, to adopt IFRS for the first time no later than interim and annual financial statements relating to annual periods beginning on or after January 1, 2013. Investment companies electing to defer the first time adoption may continue to apply existing Canadian generally accepted accounting principles (GAAP) until the changeover to IFRS.

The Pool will defer the first time adoption and adopt IFRS beginning September 1, 2013. As at August 31, 2011, the Manager has developed a changeover plan to meet this timetable.

## Related Party Transactions

Canadian Imperial Bank of Commerce (CIBC) and its affiliates have the following roles and responsibilities with respect to the Pool, and receive the fees described below in connection with their roles and responsibilities.

### *Manager, Trustee, and Portfolio Advisor of the Pool*

CIBC Asset Management Inc., a wholly-owned subsidiary of CIBC, is the manager, trustee, and portfolio advisor of the Pool (CAMI or the *Manager*). CAMI will receive management fees with respect to the day-to-day business and operations of the Pool, calculated based on the net asset value of each respective class of units of the Pool, as described in the section entitled *Management Fees*. As portfolio advisor, CAMI provides, or arranges to provide, investment advice and portfolio management services to the Pool. CAMI will also compensate its wholesalers in connection with their marketing activities regarding the Pool. From time to time, CAMI may provide seed capital to the Pool.

### *Portfolio Sub-Advisor*

CAMI has retained CGAM, a wholly-owned subsidiary of CIBC and an affiliate of CAMI, as the portfolio sub-advisor of the Pool, to provide investment advice and portfolio management services to the Pool. A portion of the management fees CAMI receives from the Pool will be paid to CGAM.

### *Distributor*

The CIBC Wood Gundy division of CIBC World Markets Inc. (CIBC WM) is a dealer through which units of the Pool are sold to investors. CIBC WM is a wholly-owned subsidiary of CIBC. CAMI may pay sales commissions and trailing commissions to these dealers in connection with the sale of units of the Pool. These dealers may pay a portion of these sales commissions and trailing commissions to their advisors who sell units of the Pool to investors.

### *Brokerage Arrangements and Soft Dollars*

Portfolio sub-advisors make decisions, including the selection of markets and dealers and the negotiation of commissions, with respect to the purchase and sale of portfolio securities, certain derivative

products (including futures) and the execution of portfolio transactions. Brokerage business may be allocated by portfolio sub-advisors, including CGAM, to CIBC WM and CIBC World Markets Corp., each a subsidiary of CIBC. CIBC WM and CIBC World Markets Corp. may also earn spreads on the sale of fixed income, other securities and certain derivative products (including forwards) to the Pool. A spread is the difference between the bid and ask prices for a security in the applicable marketplace, with respect to the execution of portfolio transactions. The spread will differ based upon various factors such as the nature and liquidity of the security.

CIBC WM and CIBC World Markets Corp. may also furnish goods and services, other than order execution, to portfolio sub-advisors, including CGAM, that process trades through them (referred to in the industry as “soft-dollar” arrangements). These goods and services are paid for with a portion of brokerage commissions and assist portfolio sub-advisors, including CGAM, with their investment decision-making services to the Pool or relate directly to executing portfolio transactions on behalf of the Pool. In accordance with the terms of the portfolio sub-advisory agreements, such soft-dollar arrangements are in compliance with applicable laws.

CAMI has entered into an expense reimbursement agreement with CGAM on behalf of the Pool, which provides that custodial fees directly related to portfolio transactions incurred by the Pool, otherwise payable by the Pool, shall be paid by CGAM and/or dealer(s) directed by CGAM up to the amount of the credits generated under soft dollar arrangements from trading on behalf of the Pool during that month.

In addition, CAMI may enter into commission recapture arrangements with certain dealers with respect to the Pool. Any commission recaptured will be paid to the Pool.

During the period, the Pool did not pay any brokerage commissions or other fees to CIBC WM or CIBC World Markets Corp. Spreads associated with fixed income and other securities are not ascertainable and, for that reason, cannot be included when determining these amounts.

### *Pool Transactions*

The Pool may enter into one or more of the following transactions in reliance on the standing instructions rendered by the Independent Review Committee (IRC):

- trade in securities of CIBC;
- invest in the securities of issuers for which CIBC WM, CIBC World Markets Corp. or another related party acts as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- purchase of securities from or sell securities to CIBC WM, CIBC World Markets or another related party, where it is acting as principal; and
- purchases or sales of securities of an issuer from or to another investment fund managed by the Manager or an affiliate of the Manager.

The relevant standing instructions require that the transactions (i) be made free from any influence of an entity related to the Manager or CGAM and without taking into account any consideration relevant to an entity related to the Manager or CGAM, (ii) represent the business judgment of the Manager and CGAM, uninfluenced by considerations other than the best interests of the Pool, (iii) be conducted in accordance with the Manager's and CGAM's policies and procedures, and (iv) achieve a fair and reasonable result for the Pool. The Manager is required to report a material breach in respect of the standing instructions to the IRC.

*Custodian*

The custodian holds all cash and securities for the Pool and ensures that those assets are kept separate from any other cash or securities that the custodian may be holding. CIBC Mellon Trust Company is the custodian of the Pool (the *Custodian*). The fees for services of the Custodian directly related to the execution of portfolio transactions by the Pool are paid by CGAM and/or dealer(s) directed by CGAM up to the amount of the credits generated under soft dollar arrangements from trading on behalf of the Pool during that month. All other fees for the services of the Custodian are paid by the Manager and charged to the Pool on a recoverable basis.

*Service Provider*

CIBC Mellon Global Securities Services Company (*CIBC GSS*) provides certain services to the Pool, including securities lending, fund accounting and reporting, and portfolio valuation. Such servicing fees are paid by the Manager, and charged to the Pool on a recoverable basis. CIBC indirectly owns a 50% interest in CIBC GSS.

## Frontiers Canadian Short Term Income Pool

### Financial Highlights

The following tables show selected key financial information about the Pool and are intended to help you understand the Pool's financial performance for the periods ended August 31.

#### The Pool's Net Assets per Unit<sup>1</sup> – Class A Units

	2011	2010	2009	2008	2007
<b>Net Assets, beginning of period</b>	\$ 9.87	\$10.01	\$10.29	\$10.30	\$10.23
<b>Increase (decrease) from operations:</b>					
Total revenue	\$ 0.11	\$ 0.07	\$ 0.46	\$ 0.43	\$ 0.46
Total expenses	(0.09)	(0.08)	(0.08)	(0.08)	(0.08)
Realized gains (losses) for the period	(0.01)	(0.01)	(0.01)	–	–
Unrealized gains (losses) for the period	0.03	0.01	(0.18)	0.04	(0.02)
<b>Total increase (decrease) from operations<sup>2</sup></b>	\$ 0.04	\$ (0.01)	\$ 0.19	\$ 0.39	\$ 0.36
<b>Distributions:</b>					
From income (excluding dividends)	\$ –	\$ 0.12	\$ 0.42	\$ 0.38	\$ 0.28
From dividends	–	–	–	–	–
From capital gains	–	–	–	–	–
Return of capital	–	–	–	–	–
<b>Total Distributions<sup>3</sup></b>	\$ –	\$ 0.12	\$ 0.42	\$ 0.38	\$ 0.28
<b>Net Assets, end of period</b>	\$ 9.91	\$ 9.87	\$10.01	\$10.29	\$10.30

<sup>1</sup> This information is derived from the Pool's audited annual financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for portfolio pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

<sup>2</sup> Net assets and distributions are based on the actual number of units outstanding at the relevant time. The total increase (decrease) from operations is based on the weighted average number of units outstanding during the period.

<sup>3</sup> Distributions were paid in cash, reinvested in additional units of the Pool, or both.

#### Ratios and Supplemental Data – Class A Units

	2011	2010	2009	2008	2007
<b>Total Net Asset Value (000s)<sup>4</sup></b>	\$2,055	\$2,297	\$2,923	\$14,257	\$16,828
<b>Number of Units Outstanding<sup>4</sup></b>	207,294	232,670	292,045	1,384,952	1,634,215
<b>Management Expense Ratio<sup>5</sup></b>	0.88%	0.85%	0.81%	0.80%	0.80%
<b>Management Expense Ratio before waivers or absorptions<sup>6</sup></b>	3.87%	3.76%	2.38%	1.82%	2.02%
<b>Trading Expense Ratio<sup>7</sup></b>	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Portfolio Turnover Rate<sup>8</sup></b>	10.12%	97.24%	7.86%	51.98%	101.55%
<b>Net Asset Value per Unit</b>	\$9.91	\$9.87	\$10.01	\$10.29	\$10.30

<sup>4</sup> This information is provided as at August 31 of the period(s) shown.

<sup>5</sup> Management expense ratio is based on the total expenses of the fund (excluding commissions and other portfolio transaction costs), incurred by or allocated to a class of units for the period shown, expressed as an annualized percentage of the daily average net asset value of that class during the period.

<sup>6</sup> The decision to waive and/or absorb management fees and operating expenses is at the discretion of the Manager. The practice of waiving and/or absorbing management fees and operating expenses may continue indefinitely or may be terminated at any time without notice to unitholders.

<sup>7</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the daily average net asset value during the period. Spreads associated with fixed income securities trading are not ascertainable and, for that reason, are not included in the trading expense ratio calculation.

<sup>8</sup> The portfolio turnover rate indicates how actively the portfolio sub-advisor manages the portfolio investments. A portfolio turnover rate of 100% is equivalent to a fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a portfolio turnover rate in a period, the greater the trading costs payable by a fund in the period, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

## Frontiers Canadian Short Term Income Pool

### Management Fees

The Pool, either directly or indirectly, pays one or more annual management fees to CAMI in consideration for the provision of, or arranging for the provision of, management, distribution, and portfolio advisory services. These fees are calculated as a percentage of the Pool's class level net asset value and are calculated and credited daily, and paid monthly. The Pool is required to pay all applicable taxes on the management fees.

The following table shows a breakdown of the services received in consideration of the management fees, as a percentage of the management fees collected from the Pool for the period ended August 31, 2011. These amounts do not include waived fees or absorbed expenses.

	Class A Units
Sales and trailing commissions paid to dealers	60.65%
General administration, investment advice, and profit	39.35%

### Past Performance

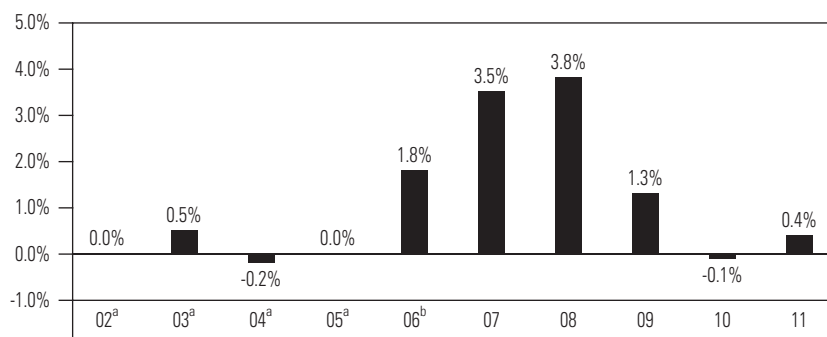
The performance data provided assumes reinvestment of distributions only and does not take into account sales, redemption, distribution, or other optional charges payable by any unitholder that would have reduced returns. Past performance does not necessarily indicate how a fund will perform in the future.

The Pool's returns are after the deduction of fees and expenses. See the section entitled *Financial Highlights* for the management expense ratio.

### Year-by-Year Returns

These bar charts show the annual performance of each class of units of the Pool for each of the periods shown, and illustrates how the performance has changed from period to period. The bar charts show, in percentage terms, how much an investment made on September 1 would have increased or decreased by August 31, unless otherwise indicated.

#### Class A Units



<sup>a</sup>Return is for the period from October 1 of the previous year to September 30 of the year shown.

<sup>b</sup>2006 return is for the period from October 1, 2005 to August 31, 2006.

### Annual Compound Returns

This table shows the annual compound return of each class of units of the Pool for each indicated period ended on August 31, 2011. The annual compound total return is also compared to the Pool's benchmark(s).

	1 Year	3 Years	5 Years	10 Years* or Inception*
Class A units	0.4%	0.5%	1.8%	1.1%
DEX 91 day TBill Index	0.9%	1.0%	2.2%	2.5%

\*If a class of units has been in existence for less than 10 years, the annual total compound return since inception is shown.

**DEX 91 day TBill Index** measures the returns attributable to 91-day Treasury Bills.

A discussion of the relative performance of the Pool compared to its primary benchmark(s) can be found in *Results of Operations*.

*Frontiers Canadian Short Term Income Pool*

**Summary of Investment Portfolio** (as at August 31, 2011)

The summary of investment portfolio may change due to ongoing portfolio transactions of the investment fund. A quarterly update is available by visiting [www.renaissanceinvestments.ca](http://www.renaissanceinvestments.ca). The Top Positions table includes a fund's 25 largest positions. For funds with fewer than 25 positions in total, all positions are shown.

<i>Portfolio Breakdown</i>	<i>% of Net Asset Value</i>	<i>Top Positions</i>	<i>% of Net Asset Value</i>
Short-Term Investments	94.69	Province of Ontario, Treasury Bill, 1.23%, 2011/10/19	14.58
Fixed Income Securities	3.90	Royal Bank of Canada, Bearer Deposit Note, 1.33%, 2011/10/03	8.51
Cash	1.42	Toronto-Dominion Bank (The), Bankers' Acceptance, 1.23%, 2012/01/16	8.48
Other Assets, Less Liabilities	- 0.01	PSP Capital Inc., Discount Note, 1.18%, 2012/02/08	8.48
		Reliant Receivables Trust, Discount Note, 1.16%, 2011/09/01	6.08
		Summit Trust, Discount Note, 1.14%, 2011/11/10	6.07
		Suncor Energy Inc., Discount Note, 1.16%, 2011/09/22	4.86
		Merit Trust, Senior Discount Note, 1.32%, 2011/09/27	4.86
		Glacier Credit, Discount Note, 1.21%, 2011/09/28	4.86
		Darwin Receivables Trust, Senior Discount Note, 1.10%, 2011/11/04	4.86
		GE Capital Canada Funding Co., Discount Note, 1.21%, 2011/11/17	4.86
		TELUS Communications Inc., Discount Note, 1.36%, 2011/11/30	3.64
		GE Capital Canada Funding Co., Discount Note, 1.20%, 2012/02/01	3.63
		Bank of Nova Scotia, Bearer Deposit Note, 1.20%, 2012/02/28	3.63
		Bank of Nova Scotia, Floating Rate, 1.75%, 2012/04/20	2.45
		Inter Pipeline (Corridor) Inc., Discount Note, 1.29%, 2011/09/14	2.43
		Summit Trust, Discount Note, 1.16%, 2011/10/12	2.43
		Bank of Montreal, Bearer Deposit Note, 1.28%, 2011/12/07	2.43
		Bank of Montreal, Variable Rate, 1.36%, 2012/02/01	1.45
		Cash	1.42
		Other Assets, Less Liabilities	- 0.01

This document may contain forward-looking statements. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, or other similar wording. In addition, any statements that may be made concerning future performance, strategies, or prospects and possible future actions taken by the fund, are also forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results and achievements of the fund to differ materially from those expressed or implied by such statements. Such factors include, but are not limited to: general economic, market, and business conditions; fluctuations in securities prices, interest rates, and foreign currency exchange rates; changes in government regulations; and catastrophic events. We do not undertake, and specifically disclaim, any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments, or otherwise prior to the release of the next management report of fund performance.

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